

Message Text

CONFIDENTIAL

PAGE 01 OTTAWA 03393 080106Z
ACTION EUR-12

INFO OCT-01 ISO-00 EA-10 ACDA-12 CIAE-00 INR-10 IO-13
L-03 NSAE-00 NSC-05 EB-08 NRC-05 OES-09 SOE-02
DODE-00 DOE-15 SS-15 SP-02 CEQ-01 PM-05 H-01
PA-01 ICA-11 /141 W
-----057412 082116Z /21

R 071707Z JUL 78
FM AMEMBASSY OTTAWA
TO SECSTATE WASHDC 7969

C O N F I D E N T I A L OTTAWA 03393

E.O. 11652: GDS
TAGS: TECH, ENRG
SUBJECT: POSSIBLE SALE OF ENRICHED URANIUM TO JAPAN

REF: STATE 103441

DEPARTMENT FOR EUR/CAN
DEPARTMENT PLEASE PASS DOE/BERGOLD

1. ON 25 APRIL 1978 THE EMBASSY TRANSMITTED THE SUB-
STANCE OF REFTTEL TO EXTAFI TO ALLAY FEARS OF GOC THAT
PROPOSED JAPANESE PREPAYMENT FOR URANIUM ENRICHMENT
SERVICES MIGHT HAVE PREJUDICIAL EFFECTS ON SALE OF
CANADIAN URANIUM TO JAPAN. THIS CONCERN ON THE PART OF
CANADA ALREADY HAD BEEN EXPRESSED TO THE AMBASSADOR BY
ALASTAIR GILLESPIE, MINISTER OF ENERGY, MINES AND
RESOURCES.

2. IT IS NOW REPORTED IN "NUCLEONICS WEEK" OF 29 JUNE
1978 THAT THE SALE TO JAPAN OF \$1-2 BILLION WORTH OF
ENRICHED URANIUM FROM THE U.S. STOCKPILE IS NOW BEING
DISCUSSED, IN ADDITION TO THE PREPAYMENT FOR ENRICHMENT
SERVICES.

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 OTTAWA 03393 080106Z

3. WE ANTICIPATE THAT THIS TRANSACTION, IF IT MATERIAL-
IZES, WILL BRING FORTH A STRONG NEGATIVE REACTION FROM
CANADA, SINCE IT WILL BE VIEWED AS AN ACTION BY THE U.S.
TO UNDERCUT THE SALE OF 15-30 MILLION POUNDS OF YELLOW-
CAKE BY CANADA TO JAPAN.

4. THE PATTERN IN THE PAST HAS BEEN FOR JAPAN TO BUY

NATURAL URANIUM FROM CANADA, HAVE IT ENRICHED IN THE U.S., AND THEN SENT TO JAPAN FOR USE IN ITS REACTORS.

5. IF THE REPORT IN "NUCLEONICS WEEK" IS TRUE, CANADA NOT ONLY WILL BE CONCERNED ABOUT THE POTENTIAL LOSS OF URANIUM SALES BUT ALSO ABOUT THE PRICE THAT WILL BE CHARGED FOR THE NATURAL URANIUM COMPONENT OF THE ENRICHED URANIUM PRODUCT.

6. THIS WOULD COME AT A TIME WHEN IT IS IN THE STRONG INTEREST OF THE U.S., AS WELL AS CANADA, TO ENCOURAGE AND PROMOTE THE DEVELOPMENT OF ADDITIONAL URANIUM SOURCES IN CANADA.

7. THE PRICE ISSUE IS IMPORTANT, AS CANADA IS TRYING TO HOLD THE SALES PRICE OF URANIUM TO THE "WORLD PRICE" OF \$42 PER POUND (OR MORE), WITH YEARLY RENEGOTIATIONS OF SALES CONTRACTS TO PROVIDE FOR ESCALATION. THE OBJECTIVE IS TO ENCOURAGE INVESTMENT IN THE URANIUM INDUSTRY.

8. PLEASE ADVISE EMBASSY AS TO HOW WE SHOULD RESPOND TO QUESTIONS WHICH INEVITABLY WILL ARISE FROM THE "NUCLEONICS WEEK" ARTICLE.
ENDERS

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: SALES, URANIUM
Control Number: n/a
Copy: SINGLE
Draft Date: 07 jul 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978OTTAWA03393
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D780281-0209
Format: TEL
From: OTTAWA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780786/aaaacufh.tel
Line Count: 85
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: c65b6479-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 78 STATE 103441
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 08 jul 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2087377
Secure: OPEN
Status: NATIVE
Subject: POSSIBLE SALE OF ENRICHED URANIUM TO JAPAN
TAGS: TECH, ENRG, JA, CA, US, (GILLESPIE, ALASTAIR)
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/c65b6479-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014